

1 "interconnection," an interconnection agreement specifying terms for customer billing is
2 more meaningful, in terms of assessing the height of entry barriers, the greater the
3 volume and variety of customer billing taking place under the agreement.

4 Whatever the scale, a working agreement that has been put into practice, i.e., pursuant
5 to which a CLEC is actually providing service, is far more meaningful than a paper
6 agreement that has yet to be tested commercially.

7 SWBT's filing of various affidavits and exhibits indicate that it has interconnection
8 agreements in place in Oklahoma with Sprint and a handful of other CLECs. However,
9 I understand that these agreements only address a fraction of the issues that are important
10 to other CLECs. Even once other arbitrations are completed, there will remain
11 considerable uncertainty about how interconnection with large IXC's will work in practice.
12 Clearly, these IXC's are very important potential entrants into local exchange services.

13
14 **Q. What standards are appropriate for checklist compliance, in view of your potential**
15 **entry analysis?**

16 **A.** In economic terms, a key issue in assessing whether a BOC truly is complying with the
17 competitive checklist is whether the interconnection terms and conditions offered by the
18 BOC are sufficient to lower entry barriers and enable genuine local exchange
19 competition. The competitive checklist has been complied with in a manner that is
20 economically meaningful for consumers if and only if facilities-based competition is a

1 reality and the conditions of interconnection are reliably in place to enable extensive entry
2 to occur to reduce the monopoly power of the BOC.

3 In order for entry to be feasible, and for CLECs to be willing to make the additional
4 necessary investments to provide genuine competition, potential entrants need to be
5 confident that workable systems are in place on a commercially viable scale. Thus,
6 checklist compliance has to mean more than having something on paper.

7 If checklist compliance is to be economically meaningful in terms of enabling local
8 competition, the details must be worked out in practice and agreements must be fully
9 implemented. There are a great many details that really matter for the commercial
10 viability of CLECs. For many of the terms of interconnection, the interests of SWBT
11 and CLECs are directly opposed. All of this implies that it is highly desirable to provide
12 SWBT with ongoing incentives to cooperate, in the form of withholding the long-distance
13 entry "prize," until such cooperation has been definitely elicited and shown to truly
14 enable entry.

15
16 **Q. How will local competition be affected if interconnection arrangements are**
17 **ambiguous, inadequate or incomplete for CLECs' needs?**

18 **A.** Absent reliable, working interconnection arrangements, CLECs will be wary of making
19 the substantial sunk investments necessary to participate fully in local markets, and the
20 investments CLECs do make will remain at risk. This is certainly true for facilities
21 investments, which are largely non-recoverable in the event that interconnection problems

1 arise, and thus will depreciate in value if the terms or conditions of interconnection fail
2 to achieve operational parity between CLECs and the ILEC. Marketing expenses can
3 also be very significant, and will largely go to waste if the CLEC is unable to provide
4 high-quality service in a timely fashion once demand is stimulated by the promotional
5 campaign. Worse yet, Sprint's brand name will be at risk if Sprint markets a local
6 service of poor quality due to interconnection difficulties of various types. Were Sprint
7 to introduce local service with quality problems due to interconnection, Sprint could lose
8 valuable goodwill not only in those local markets, but nationwide.

9 In addition, Sprint, like other CLECs, will have to make substantial investments in back-
10 office systems to support its entry into local markets. These investments will also remain
11 at risk until the details of interconnection have been worked out satisfactorily.

12
13 **Q. What are the major entry barriers into local exchange markets?**

14 **A. Historically, there have been three major entry barriers into local exchange: (1) legal**
15 entry barriers either precluding or raising the costs of entry; (2) the need to make
16 significant sunk investments in plant and equipment, promotional activities, and back-
17 office systems to provide local exchange service; and (3) the need to interconnect with
18 the ILEC to offer attractive exchange service. (In providing service to some customers,
19 an additional "regulatory entry barrier" is present if regulation sets prices for basic
20 exchange service below cost for those customers, making them unattractive to entrants.)

1 The Act seeks to reduce or eliminate these entry barriers: (1) by minimizing legal
2 barriers, including not only the State certification requirement but also facilitating access
3 to right-of-way and pole and conduit access to enable independent construction of
4 facilities by CLECs; (2) by allowing CLECs to lease unbundled elements, or to engage
5 in resale, rather than constructing wholly their own facilities; and (3) by imposing
6 interconnection duties upon ILECs, e.g., for transport and termination, and requiring that
7 reasonable rates be charged.

8 Eliminating these substantial traditional historical entry barriers is no easy task. Thus,
9 somewhat paradoxically, and as evidenced by the sheer mass of the FCC's rules in its
10 interconnection proceeding, we need additional regulation for at least an interim period
11 to enable competition, in the hopes that this very competition will some day replace much
12 of the regulation.

13
14 **Q. Is it necessary to lower these entry barriers to achieve local competition?**

15 A. Yes. Unless these barriers are reliably lowered, entry will remain risky, entrants' ability
16 to compete effectively will remain uncertain, and local competition will not be assured.

17
18 **Q. Why is entry risky until interconnection has been proven to work in practice?**

19 A. Until CLECs can be confident that they will obtain interconnection on commercially
20 acceptable terms that will allow them to achieve operational parity with SWBT, entrants
21 will be forced to place substantial sunk investments at risk, which can only serve to delay

1 or deter entry and the advent of competition. This is especially true for a company like
2 Sprint, with a valuable brand name that could be put at risk if service quality is degraded
3 due to interconnection problems. I would expect Sprint, AT&T, and MCI to be
4 extremely wary of offering service under their brand names unless and until they can
5 ensure service quality -- from the pre-ordering of services to the provisioning of repair -
6 - on par with SWBT. To do otherwise would put their brand names at risk in
7 Oklahoma, and potentially place them at a major disadvantage for years to come in
8 selling bundles of services in competition with SWBT.

9 A related risk to a would-be entrant into local exchange of introducing service before
10 operational parity has been achieved and tested is the risk that the marketing expenses
11 associated with a rollout of service will be wasted. These are clearly non-recoverable
12 investments. Worse yet, as just noted, a failed marketing campaign to offer local service
13 will actually make it more difficult to offer those services in the future.

14
15 **Q. Why is it necessary to work out all the details of interconnection before concluding**
16 **that competition is enabled? Can't the details be dealt with later, between CLECs**
17 **and SWBT, with Commission oversight?**

18 **A.** The details cannot be left for later because they are so crucial to CLECs' ability to
19 compete effectively. Many aspects of interconnection that remain unresolved have
20 significant implications for either CLECs' costs or the quality of their service.

21

1 **Q. Is entry enabled, to use your language, if one or a few CLECs can compete, but**
2 **others find the available interconnection terms unworkable?**

3 **A. The more local competition the better. Different CLECs, such as cable companies,**
4 interexchange carriers, and competitive access providers, each bring their own strengths
5 and unique skills to the market. The Act shows that Congress intended to enable a
6 variety of entry strategies.

7 I do not mean to say that all of these CLECs must achieve some fixed level of market
8 penetration in order for the Commission to certify checklist compliance. Rather, the
9 Commission should first satisfy itself that the bugs have been worked out of the
10 interconnection process, in a manner that satisfies the needs of a number of types of
11 actual and potential entrants. If CLECs are providing service on commercial scales in
12 a variety of settings in Oklahoma, we can be confident that interconnection is working
13 (although the need for ongoing regulation will not soon end). On the other hand, if
14 CLECs collectively serve very few access lines, it would be prudent for the Commission
15 to understand why this is so, before concluding that SWBT has complied with the
16 checklist. Also, I would encourage the Commission to investigate the root cause of why
17 a particular type of CLEC was consistently excluded from entry, to see if the cause was
18 indeed benign.

19 Certifying checklist compliance in an economically meaningful way cannot be
20 mechanical, and will require an assessment of the remaining entry barriers into local
21 exchange, if CLECs are not yet significant actual competitors at the time of the review.

1 If the Commission concludes that minimal CLEC penetration has resulted from significant
2 remaining uncertainties regarding the provision of checklist items, or because the terms
3 under which SWBT is offering certain checklist items fail to provide nondiscriminatory
4 access by CLECs, certifying checklist compliance would be inadvisable and
5 inappropriate.

6 The presence of a single, implemented interconnection agreement cannot in and of itself
7 imply that all entry barriers have been eliminated or that all checklist items have been
8 met. For starters, the agreement may not be suitable for other CLECs adopting different
9 strategies. Furthermore, a single agreement may demonstrate that competition can occur
10 for certain customers, or in certain geographic areas, but not others.

11 If significant aspects of interconnection remain unresolved, CLECs' ability to compete
12 remains significantly under the control of the BOC. If further cooperation from the BOC
13 is needed to make actual or potential local exchange competition economically
14 meaningful, approval of the BOC's Section 271 application is premature and will
15 diminish consumer welfare.

16
17 **Q. Why can't the Commission simply compel SWBT to meet reasonable interconnection**
18 **terms in the future?**

19 **A.** Regulation is inevitably highly imperfect, and entrants will be reluctant to rely on future,
20 uncertain regulatory protections when making substantial sunk investments.

1 There is much to be said for "stress testing" interconnection terms and conditions in
2 practice before concluding that an interconnection agreement can work in practice and
3 is "fully implemented."

4
5 **Q. What is the role of most-favored-nation protections in expanding consumer choice**
6 **in local markets?**

7 **A. To enable a variety of entry strategies and entrants, CLECs must be able to interact with**
8 and deal with the ILEC in a variety of ways. Thus, checklist compliance cannot be
9 satisfied piecemeal unless there is a well-defined and working process by which CLECs
10 can pick and choose the provisions they need from the interconnection agreements already
11 in place. The goal here should be to ensure not only that each checklist item will be
12 offered on non-discriminatory terms to each CLEC, but also that each item will work for
13 them, even if they are employing different strategies.

14 Allowing one CLEC to pick and choose from the provisions offered to other CLECs
15 facilitates competition through a variety of entry strategies and reduces the risk of
16 discrimination by ILECs. Section 252(i) therefore requires that a LEC "shall make
17 available any interconnection, service, or network element provided under an agreement
18 approved under [Section 252] to which it is a party to any other requesting
19 telecommunications carrier upon the same terms and conditions as those provided in the
20 agreement." Although most-favored nation clauses are not invariably pro-competitive, in
21 the current context, where an incumbent monopolist is being forced to open up its

1 network to a variety of entrants on regulated terms, MFN treatment of all CLECs serves
2 to insure that entry barriers are reduced for all those seeking to enter, not just a few.

3 There remains the question of how fine should be the pieces into which agreements are
4 broken up for the purposes of applying MFN requirements. Economic reasoning
5 suggests an answer to this question: different terms can be linked, i.e., offered as a
6 package, if and only if the linkage has a cost basis.

7 To give an example, suppose that one CLEC is offered especially favorable terms in
8 exchange for signing a five-year agreement. Assume that the discounts off of normal
9 rates reflected the ILEC's cost savings in serving this customer by virtue of the
10 customer's long-term commitment. Then efficiency would not be served by allowing
11 another CLEC to obtain the more favorable terms without making a comparable five-year
12 commitment.

13 With this principle, ILECs and CLECs can fashion agreements that are efficient
14 component-by-component. They also will be fully able to reach agreements that
15 efficiently trade off one provision against another, if indeed there are cost-based linkages
16 between different provisions.

17 Here, as with interconnection generally, the devil is in the details, so one wants to be
18 confident that the MFN process is working in practice before certifying checklist
19 compliance.
20
21

1 Q. Does MFN treatment prevent SWBT from discriminating against individual CLECs?

2 A. MFN treatment prevents SWBT from offering preferential terms to selected CLECs, but
3 does not protect against other forms of discrimination.

4 Economists have long recognized that a firm can engage in discrimination even it makes
5 the same offerings available to all. A classic example would be a quantity discount,
6 whereby any customer buying in sufficient volume gets a lower price. If the volume
7 discount is not based on cost savings of serving larger customers, it constitutes price
8 discrimination. Smaller customers have the option of buying in bulk available to them,
9 but do not find it attractive. This type of discrimination is known to economists as
10 self-selection discrimination (also known less helpfully as second-degree price
11 discrimination).

12 In order to ensure a level playing field in the local exchange market, and to make sure
13 that cost-based interconnection is made available to all potential entrants into local
14 markets, Congress has prohibited discrimination by ILECs in dealing with CLECs.
15 Giving all CLECs MFN treatment goes part of the way towards achieving parity. MFN
16 treatment explicitly prohibits the ILEC from reaching different terms with two different
17 CLECs, if one CLEC would rather have the terms available to the other. MFN
18 obligations thus prohibit personalized discrimination (whereby offers are tailored to
19 specific CLECs) and group discrimination (whereby offers are tailored to groups of
20 CLECs, e.g., cable companies vs. wireless companies vs. interexchange companies).

1 However, MFN treatment alone does not prevent self-selection discrimination. For
2 example, SWBT could offer certain terms for interconnection to a CLEC conditional on
3 the CLEC serving a minimum number of lines, conditional on having broad geographic
4 coverage, or conditional on having certain of its own facilities. These terms could be
5 offered by SWBT in order to secure an agreement with that CLEC, and could be tailored
6 to the business plans of that particular CLEC. These same terms, although available to
7 other CLECs through MFN treatment, may be far less attractive to others whose business
8 plans do not comply with the specified conditions.

9 Tactics like these could frustrate the goal of enabling competition from a variety of
10 CLECs. On the other hand, Congress clearly intended to encourage variety by relying
11 in the first instance on negotiated agreements. There is no sense in mandating a "one
12 size fits all" approach given the diverse needs of different CLECs.

13
14 **Q. How can self-selection discrimination be controlled or prevented?**

15 **A. In order to encourage a variety of entry strategies and prevent self-selection**
16 discrimination, a cost test should be applied. Specifically, any preferential terms offered
17 conditional on the CLEC meeting certain requirements, such as minimum volumes,
18 should be justified based on cost savings to the ILEC in dealing with customers meeting
19 those requirements. Fine MFN granularity can help with the implementation of this cost
20 test, as it requires that terms and conditions in interconnection agreements be linked only
21 if there is a cost basis for the linkage.

1 **Q. You have said that Sprint and other CLECs rely on SWBT in varied and complex**
2 **ways in order to offer local service. Aren't these issues resolved through the**
3 **negotiation and arbitration process, which is proceeding forward in Oklahoma?**

4 **A. Interconnection is highly complex, and the detailed implementation of interconnection**
5 **agreements is absolutely crucial to CLEC commercial viability. It is prudent to see this**
6 **agreement, and others, implemented and working in practice before we conclude that the**
7 **barriers to local competition really have fallen.**

8
9 **Q. Are there specific aspects of interconnection which have yet to be fully implemented**
10 **in Oklahoma?**

11 **A. Yes. Based on discussions with Sprint personnel who are intimately familiar with**
12 **Sprint's negotiations and arbitration with SWBT I am aware of a number of specific**
13 **checklist items that are critical to Sprint's entry plans and have yet to be proven to work**
14 **commercially in Oklahoma.**

15
16 **Q. Please give a few examples of individual items of concern to Sprint, and explain why**
17 **CLECs would be reluctant to make investments until they are resolved.**

18 **A. The processing of orders for new service requires cooperation from SWBT in a variety**
19 **of ways, including real-time access to SWBT's information, that are yet unproven.**
20 **Sprint is not willing to make significant investments, even marketing investments to offer**

1 resold services, until it is confident that customers who actually place orders for Sprint
2 local service will not experience delays or frustrations in having their orders handled.
3 Likewise, it has not yet been proven how local customers of CLECs like Sprint will have
4 their repair and trouble calls handled in a non-discriminatory fashion. This will require
5 a number of repair and maintenance interfaces to operate smoothly. Again, were Sprint
6 to offer local service, and were Sprint's customers to experience delays in repair relative
7 to SWBT, Sprint's brand name would be at risk.

8 More generally, Sprint is concerned over how electronic interfaces between itself and
9 SWBT will operate to provide Sprint with reasonable, timely, and economical access to
10 SWBT's operations systems, customer records, and billing data. Billing is good example
11 of an area of concern; Sprint has experienced some difficulties and delays in tests of
12 billing for local service in other states. These examples are not meant to be exhaustive.
13 However, they illustrate a variety of important "details" that must be worked out in
14 practice before Sprint can successfully offer local exchange services.

15
16 **Q. In order for the requirements of Section 271(c)(2)(B) to be met, must all items in**
17 **Section 271(c)(2)(B) be addressed in a single agreement or may they be made**
18 **available through multiple agreements and/or tariffs or statements of generally**
19 **available terms?**

20 **A.** Sprint respectfully submits that the Commission keep in the forefront of its consideration
21 the sound policy objectives of the requirement for checklist compliance: that

1 interconnection and access be available, on a non-discriminatory basis, to a variety of
2 competing firms which will, in all likelihood, access and interconnect with the ILEC's
3 network in a variety of ways. One size does not fit all.

4 Whether Track A compliance with Section 271(c)(2)(B) may be achieved in a single
5 agreement or multiple interconnection agreements is therefore inextricably tied to the
6 practical realities of the interconnection arrangements actually available. One agreement
7 that purports to meet each item of the checklist may not be sufficient if it in fact fails to
8 provide, on reasonable and nondiscriminatory terms, certain items that had been
9 irrelevant to one type of competitor but crucial to another. By the same reasoning,
10 multiple agreements must not be allowed to become the anticompetitive tool of the ILEC,
11 who could use multiple agreements to segment its competitors and mask discriminatory
12 treatment contrary to the statutory requirements.

13 One key determinant here will be the rigor with which the Commission enforces the
14 "most favored nation" obligation of SWBT as set forth in Section 252(i). Section 252(i)
15 requires LECs to make available "any interconnection, service or network element"
16 provided under an interconnection agreement to which it is a party "to any other
17 requesting telecommunications carrier upon the same terms and conditions as those
18 provided in the agreement." The most favored nation provision thus establishes the
19 central mechanism for enforcing the requirement that access and interconnection services
20 on the checklist be truly available and provided in a nondiscriminatory manner.

1 The roles of the Track A Section 271(c)(2)(B) requirements and the MFN Section 252(i)
2 obligation are thus complementary. Compliance with Section 271(c)(2)(B) pursuant to
3 Track A requires that the incumbent is actually providing all of the checklist items
4 pursuant to "one or more" interconnection agreements. Compliance with Section 252(i)
5 requires that each term of those agreements be available to any requesting carrier on the
6 same basis. The combination yields confidence that additional competitors are also able
7 to enter and expand by utilizing the existing agreements.

8 As the FCC recognized in its First Report and Order implementing Sections 251 and 252
9 of the Communications Act, this scheme will work only if third parties can obtain access
10 to any individual interconnection, service or network element arrangements contained in
11 an approved interconnection agreement. Indeed, the more disaggregated the approach
12 to MFN, the more effectively it will work to prevent discrimination and lower the
13 barriers to local entry. This is because each new entrant will likely require a different
14 combination of checklist services for entry. Moreover, bundled offerings by the
15 incumbent LEC may be in reality discrimination schemes in contravention of the statute.
16 Thus, MFN should be implemented to allow competitors to pick and choose specific
17 aspects of existing interconnection agreements to essentially create their own agreements.
18 Moreover, as the FCC acknowledged in its Section 251-252 First Report and Order,
19 permitting carriers access only to entire agreements or only to large pieces of the
20 agreement creates perverse incentives for the incumbent. For example, under such an
21 arrangement, SWBT would have the incentive to try to make each agreement unattractive

1 to third parties by including onerous terms and conditions for a service that the other
2 contracting party does not need. In essence, this practice would enable the incumbent
3 to discriminate among competitive carriers in violation of the statute by ensuring that only
4 an actual party to an agreement receives the benefits of that agreement. Of course, the
5 Eighth Circuit's stay pending appeal of the FCC's MFN rules has left the status of that
6 provision uncertain just at the time when new entrants are planning their entry strategies
7 and negotiating interconnection agreements. That process will therefore be much more
8 successful in Oklahoma if the Commission independently adopts the FCC's MFN rules
9 for the purposes of interconnection agreements within the state.

10 As to SWBT's assertion that it may satisfy Section 271(c)(2)(B) by combining
11 interconnection agreements with a statement of generally available terms to satisfy
12 Section 271(c)(2)(B), this is impermissible. Section 271(c)(2)(B) contains two entirely
13 independent means of compliance.

14 The provision states as follows:

15 Access or interconnection provided or generally offered by a Bell operating company to
16 other telecommunications carriers meets the requirements of this subparagraph if such
17 access and interconnection includes each of the following . . .

18
19 As used in this subparagraph, the term "provided" matches the phrase "is providing" in
20 Sections 271(c)(1)(A) and (c)(2)(A)(i)(I) as well as the term "provided" used in
21 Section 271(d)(3)(A)(i). All of these provisions refer to compliance with Track A. As
22 used in Section 271(c)(2)(B), the phrase "generally offered" matches the use of "generally
23 offers" in Section 271(c)(1)(B), "is generally offering" in Section 271(c)(2)(A)(i)(II) and

1 "generally offered" in Section 271(d)(3)(A)(ii). All of these provisions refer to
2 compliance with Track B. Thus, as stated in Section 271(c)(2)(B), access and
3 interconnection "provided" refers to Track A while the access and interconnection
4 "generally offered" refers to Track B.

5 The use of the disjunctive "or" in Section 271(c)(2)(B) demonstrates that a carrier must
6 either comply with the competitive checklist contained in that subparagraph exclusively
7 through Track A or exclusively through Track B. As the Supreme Court has held,
8 "canons of construction ordinarily suggest that terms connected by a disjunctive be given
9 separate meaning, unless the context dictates otherwise."

10 Far from dictating some other interpretation of the term "or" in Section 271(c)(2)(B), the
11 "context" of Section 271 only reinforces the view that Tracks A and B cannot be used
12 in combination. Every place the two Tracks are mentioned in Section 271, they are
13 stated in the disjunctive. For example, Section 271(c)(1) states that a BOC meets the
14 requirements of that paragraph "if it meets the requirements of subparagraph (A)
15 [Track A] or subparagraph (B) [Track B]" (emphasis added). Section 271(c)(2)(A)
16 similarly states that a BOC meets the requirements of that paragraph if, within the state
17 for which the authorization is sought, the company complies with Section 271(c)(1)(A)
18 or Section 271(c)(1)(B). Section 271(c)(2)(B) restates these options in the disjunctive
19 again.

20 Finally, Section 271(d)(3)(A) requires that SWBT has either "fully implemented" the
21 competitive checklist pursuant to Track A or "offers all of the items included in the

1 competitive checklist in subsection (c)(2)(B)" (emphasis added) pursuant to a Track B
2 statement of generally available terms and conditions. Section 271(d)(3)(A) again
3 unmistakably shows that the competitive checklist must be fulfilled either entirely
4 pursuant to one or more Track A interconnection agreement or entirely pursuant to a
5 Track B general statement.

6
7 **Q. Should SWBT be deemed to have satisfied the requirements of Section 271(c)(2)(B)**
8 **through offering of the general availability of each item or should the requirements**
9 **of Section 271(c)(2)(B) be satisfied only after the item is actually being provided to**
10 **a competitor in a fully functional manner?**

11 **A. Section 271(c)(2)(B) provides two independent means of compliance: one for Track A**
12 **and one for Track B. In order to satisfy Section 271(c)(2)(B) under Track A, SWBT**
13 **must provide all of the checklist elements in a fully functional manner.**

14 **The requirements for competitive checklist compliance pursuant to Track B, on the other**
15 **hand, are less onerous. As mentioned, Section 271(c)(2)(B) only requires that SWBT**
16 **generally offer all of the checklist items pursuant to a statement of generally available**
17 **terms and conditions.**

18 **It should be pointed out, however, that SWBT is ineligible for Track B.**
19 **Section 271(c)(1)(B) states that an incumbent may pursue this route only if, within**
20 **10 months of passage of the 1996 Act, "no such provider has requested access and**
21 **interconnection described in subparagraph A." The "such provider" refers back to the**

1 "unaffiliated competing providers of telephone exchange service" mentioned in
2 subparagraph A. Thus, once the incumbent receives a request for access or
3 interconnection from any unaffiliated competitor, the incumbent must comply with the
4 requirements of Track A, and Track B is rendered irrelevant unless one of the two
5 exceptions in Track B is met. Because it has already received such requests from
6 numerous carriers, including Sprint, SWBT must pursue Track A.

7 There is one further aspect to the interplay between the two Tracks. The language of
8 Section 271(c)(1)(A) makes it clear that, as mentioned, a request from any carrier for
9 access or interconnection will trigger this path. It is therefore not necessary that the
10 requesting carrier be predominantly facilities-based. This is because subparagraph (A)
11 specifically states that "for the purposes of this subparagraph, such telephone exchange
12 service may be offered by such competing providers" either exclusively or predominantly
13 over their own facilities. The limited application of the facilities-based language to
14 subparagraph A shows that the term "such provider" which appears in a different
15 subparagraph, Section 271(c)(1)(B), cannot mean a predominantly facilities-based
16 provider.

17 Thus, since it has received interconnection requests from competitive carriers in
18 Oklahoma within the statutory timeframe, Track B is unavailable to SWBT. SWBT must
19 therefore provide all of the checklist services in a fully functional manner in order to
20 meet the requirements of Section 271(c)(2)(B).
21

1 **Q. Could you please summarize your testimony?**

2 **A. Economically meaningful checklist compliance should require that interconnection be**
3 shown to work in practice, as a demonstration that entry barriers into local markets really
4 have been lowered and that CLECs will be able to achieve operational parity with SWBT.
5 We cannot conclude from interconnection agreements on paper that competition has been
6 enabled until we see those agreements fully implemented. Inevitably, this will require
7 a myriad of details to be worked out, which in turn will require considerable cooperation
8 from SWBT. This cooperation will likely be more forthcoming, and more complete, if
9 SWBT's entry into long-distance markets is made conditional on a demonstration that the
10 details really have been resolved in practice.

11 It is clearly too soon to conclude that interconnection has been proven to work in
12 Oklahoma. SWBT has yet to begin providing interconnection to a competitor or set of
13 competitors which represent significant facilities-based alternatives. Furthermore, since
14 the conditions of local competition in Oklahoma are so uncertain and in such flux,
15 uncertainty favors deferring interLATA entry by SWBT until the Commission can assert
16 with confidence that local entry through a variety of business strategies has truly been
17 enabled through SWBT's interconnection provisions.

18
19 **Q. Does this conclude your testimony?**

20 **A. Yes, it does.**
21

BEFORE THE CORPORATION COMMISSION OF THE
STATE OF OKLAHOMA

Application of Ernest G. Johnson,)
Director of the Public Utility)
Division Oklahoma Corporation) Cause No. PUD 9700000064
Commission to Explore the)
Requirements of Section 271 of)
the Telecommunications Act of 1996)

**TESTIMONY OF
CYNTHIA K. MEYER
ON BEHALF OF
SPRINT COMMUNICATIONS COMPANY L.P.**

1 **Q. Please state your full name and business address.**

2 A. My name is Cynthia K. Meyer. My business address is 7301 College Boulevard,
3 Overland Park, Kansas 66210.

4
5 **Q. What is your position?**

6 A. I am employed by Sprint Communications Company L.P. (Sprint) as Director -
7 Local Market Development.

8
9 **Q. Please describe your educational background, work experience, and present**
10 **responsibilities.**

11 A. I have a B.S. in Civil Engineering from Kansas State University and an M.B.A.
12 from Rockhurst College. I began working in the telecommunications industry in
13 1977 with Southwestern Bell Telephone, where I rotated through several
14 management positions in numerous network department areas. These included
15 outside plant engineering, switching engineering, long-range facility planning,
16 and construction budget management. In 1983, I transferred to AT&T
17 Communications as a manager in the State Pricing department. In that role, I was
18 responsible for managing regulatory processes to introduce new and enhanced
19 intrastate services and to minimize expenses through intrastate access rate
20 intervention. In 1990, I joined Sprint's Long Distance division to manage access
21 interconnections for the western United States. Shortly thereafter, I took over
22 management of Sprint Access Service product development. In 1996, I became
23 the Local Market Development Director responsible for negotiating Sprint's

1 terms for local market entry with Southwestern Bell Corporation and for
2 successful execution of Sprint's local market entry in the Southwestern Bell
3 states.

4
5 **Q. What is the purpose of your testimony?**

6 A. My testimony provides a view of local competition in Southwestern Bell
7 Telephone Company (SWBT) territory from the perspective of a competitive local
8 exchange carrier (CLEC) who is working to achieve operational readiness for
9 local market entry in Oklahoma. From this perspective, I will discuss operational
10 parity provided by SWBT's operational support systems interfaces.

11

12 **Q. Are Operations Support Systems relevant in this docket?**

13 A. Yes. The competitive checklist in Section 271(c) of the Act includes
14 nondiscriminatory access to network elements. OSSs have been defined as a
15 network element by the FCC in its First Report and Order in C.C. Docket No. 96-
16 98 (issued August 8, 1996). More specifically, Bell has an obligation to provide
17 new entrants nondiscriminatory access to the systems utilized for the various OSS
18 function, Pre-Order, Ordering & Provisioning, Maintenance, Usage and Billing.

19

20 **Q. What are your major conclusions?**

21 A A CLEC having a contract in place with an incumbent local exchange carrier
22 (ILEC) that states that the ILEC will provide operational parity is not assurance

1 that the ILEC will provide parity service in a manner that will allow the CLEC to
2 be competitive in the local market.

3
4 For a major CLEC, moving from signature on an interconnection agreement with
5 an ILEC to being competitive in the local market is a long and complicated
6 process that will take years.

7
8 Local competition cannot be attained until facilities-based CLECs are operational
9 and a majority of consumers have choices for local telephone service that are not
10 ultimately controlled by the incumbent LEC.

11
12 **Q. What do you mean when you refer to assurance that the ILEC provides**
13 **operational parity in a manner that will allow a CLEC to be competitive in**
14 **the local market?**

15 **A. It is not enough that the ILECs offer CLECs access and interconnection to their**
16 **services and elements and say, "Come and get it." For local competition to occur,**
17 **the ILECs must provide CLECs interfaces to those services that enable CLECs to**
18 **provide services to their customers at least equal in quality and timeliness to that**
19 **offered by ILECs to their customers. Enabling goes beyond the ILECs just**
20 **committing to provide the CLECs the same level of service which they provide**
21 **their end users today; it means, the ILECs must provide the same level of service**
22 **which they provide themselves internally for provisioning end user service. The**
23 **ILECs should treat the CLECs as the large customers that they are or will be and**

1 provide communication and cooperation to make the ILEC services work for the
2 CLECs in a sustainable and seamless manner.

3
4 Operational parity and non-discriminatory treatment must be verifiable by CLECs
5 through specific ILEC performance measurements. ILEC performance
6 measurements on operational parity should compare what SWBT does for Sprint
7 compared to other CLECs compared to SWBT end users compared to what
8 SWBT does for themselves in the process of provisioning end user service. For
9 instance, how long does it take to install a local loop after SWBT internally
10 requests one for their own purposes versus how long does it take for SWBT to
11 install a local loop at a CLEC's request? Or, how quickly does SWBT notify
12 themselves (through database updates or reports to customer service) of a missed
13 due date versus how quickly does SWBT notify a CLEC of a missed due date and
14 what percentage of due dates are missed for SWBT versus CLECs. SWBT should
15 provide these performance measurements on a timely basis to Sprint.

16
17 **Q. What is the current status of Sprint's interconnection negotiations with**
18 **SWBT for local market entry within Oklahoma?**

19 **A.** Sprint recently signed an agreement (the Agreement) with SWBT in Oklahoma
20 that would allow Sprint to purchase wholesale local services, rebundled local
21 elements, and interconnection services from SWBT. However, there are two
22 outstanding issues, listed as such in the Agreement, that the Parties could not
23 agree upon that may have to be resolved through the formal dispute resolution